

## Message Text

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ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 SP-02 USIA-06 AID-05 EB-08  
NSC-05 SS-15 STR-07 OMB-01 CEA-01 CIAE-00 COME-00  
FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03 LAB-04  
SIL-01 L-03 H-01 IO-13 PA-01 NEA-10 /112 W  
-----085592 130042Z /63

R 100839Z MAR 78  
FM AMEMBASSY MANILA  
TO SECSTATE WASHDC 2752

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USADB

PASS TREASURY FOR SHERK

FOR NAC AGENCIES

E.O. 11652: N/A  
TAGS: EAID, EFIN  
SUBJECT: RECIPROCAL PROCUREMENT ARRANGEMENT WITH INTER  
AMERICAN DEVELOPMENT BANK

1. THE ADB MANAGEMENT IS RECOMMENDING THAT THE BOARD ALLOW  
MANAGEMENT TO POLITELY DECLINE AN IDB PROPOSAL WHEREBY  
DEVELOPING MEMBER COUNTRIES OF THE ADB WOULD BE ELIGIBLE  
SOURCE COUNTRIES FOR THE PROCUREMENT OF GOODS AND SERVICES  
UNDER IDB LOANS, AND IN TURN DEVELOPING MEMBER COUNTRIES OF  
IDB WOULD BE ELIGIBLE SOURCE COUNTRIES FOR PROCUREMENT UNDER  
ADB LOANS. MANAGEMENT WILL ASSUME THEIR RECOMMENDATION IS  
ACCEPTABLE TO BOARD IF NO OBJECTIONS ARE REGISTERED BY MARCH  
24.

2. ADB RECOGNIZED THEORETICAL ECONOMIC ADVANTAGES OF SUCH  
AN ARRANGEMENT BUT FEELS THAT THE AGREEMENT WOULD NOT BE OF  
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MUTUAL BENEFIT, I.E. THE DEVELOPING MEMBER COUNTRIES OF THE  
IDB WOULD BE THE CHIEF BENEFICIARIES. SECONDLY THE ADB FEELS  
THAT ITS ARTICLES OF AGREEMENT DO NOT ALLOW FOR THE  
ESTABLISHMENT OF THIS TYPE OF ARRANGEMENT. UNDER THE  
PRESENT SYSTEM A NON-MEMBER COUNTRY IS ELIGIBLE AS A  
SOURCE OF PROCUREMENT IN ADB FINANCED PROJECTS ONLY IF  
THE COUNTRY HAS PROVIDED THE ADB WITH QUOTE A SIGNIFICANT

AMOUNT OF FINANCING UNQUOTE.

3. THE DEPUTY GENERAL COUNSEL STATED THAT THE LEGAL DIFFICULTIES ARISING FROM THE IDB PROPOSAL ARE SUFFICIENTLY SERIOUS AS TO PREVENT ITS CONSIDERATION REGARDLESS OF ECONOMIC ASPECTS. ACCORDING TO THE DEPUTY GENERAL COUNSEL A CHANGE IN ADB'S ARTICLES OF AGREEMENT WOULD BE REQUIRED BEFORE THE IDB'S PROPOSAL, AS CURRENTLY PRESENTED, COULD BE CONSIDERED.

4. GIVEN THE LEGAL DIFFICULTIES INVOLVED, USADB RECOMMENDS ACCEPTANCE OF ADB MANAGEMENT'S POSITION.

5. DOCUMENT R19-78 DESCRIBING RECIPROCAL PROCUREMENT ARRANGEMENT WITH THE INTER AMERICAN DEVELOPMENT BANK POUCHED MARCH 9.  
EDMOND

NOTE BY OCT: MESSAGE DELAYED IN TRANSMISSION.

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PROCUREMENT, DEVELOPMENT BANKS, LOANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 10 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978MANILA03902  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780111-0084  
**Format:** TEL  
**From:** MANILA USADB  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1978/newtext/t19780383/aaaacsdf.tel  
**Line Count:** 81  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
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**Message ID:** e4a7acc9-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION TRSE  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 02 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3374667  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** RECIPROCAL PROCUREMENT ARRANGEMENT WITH INTER AMERICAN DEVELOPMENT BANK  
**TAGS:** EAID, EFIN, IADB  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/e4a7acc9-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014